

Message Text

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TO SECSTATE WASHDC IMMEDIATE 8508
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CINCLANT NORFOLK VA PRIORITY
CINCEUR VAIHINGEN GE PRIORITY
AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
AMEMBASSY LONDON
AMEMBASSY HELSINKI

C O N F I D E N T I A L SECTION 1 OF 3 REYKJAVIK 0837

E.O. 11652: GDS
TAGS: PINT, IC
SUBJECT: ELECTION WATCH: ASSESSMENT OF THE RESULTS

REF: A. REYKJAVIK 0830 DTG 231620Z JUN 78 (NOTAL)
B. REYKJAVIK 0831 DTG 261047Z JUNE 78

SUMMARY: IN NATIONAL ELECTIONS JUNE 25 ICELANDIC ELECTORATE
BROKE TRADITIONAL VOTING PATTERNS DECISIVELY TO DEMONSTRATE
THEIR UNHAPPINESS NOT ONLY WITH GOI DOMESTIC ECONOMIC POLICIES
BUT WITH THE WAY EACH OF THE TWO PARTIES OF GOVERNING COALITION
WAS BEING RUN. OPPOSITION PARTIES CUT DEEPLY INTO RULING INDE-
PENDENCE PARTY-PROGRESSIVE PARTY COALITION AND MANY NEW FACES
WILL APPEAR IN NEXT ALTHING. ECONOMIC CONCERNS REMAINED IN MIND
OF ELECTORATE DOWN TO VOTING DAY AND COULD NOT BE OFFSET BY
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INDEPENDENCE PARTY'S ATTEMPT TO MAKE ELECTION A REFERENDUM
ON DEFENSE AND SECURITY MATTERS. NEVERTHELESS, SUPPORTERS OF
NATO ICELAND DEFENSE FORCE (IDF) AMONG ELECTORATE APPEAR TO HAVE
HEDGED THEIR BETS BY SHIFTING THEIR VOTES FROM IP TO SOCIAL
DEMOCRATS WHO AS A PARTY HAVE TRADITIONALLY SUPPORTED
NATO MEMBERSHIP AND CONTINUED PRESENCE OF DEFENSE
FORCE. ALTHOUGH BALLOTING RESULTED IN DEFEAT OF

SEVERAL FRIENDS OF NATO BASE THERE ARE PROBABLY MORE DECLARED SUPPORTERS OF IDF IN NEW ALTHING THAN IN ONE JUST DISSOLVED. END SUMMARY.

1. STINGING DEFEAT FOR INDEPENDENCE PARTY (IP) AND PROGRESSIVE PARTY (PP) AND SUBSTANTIAL CORRESPONDING GAINS BY SOCIAL DEMOCRATIC PARTY (SDP) IN JUNE 25 VOTE BROKE TRADITIONAL VOTING PATTERNS WHICH HERETOFORE HAVE BEEN CHARACTERIZED BY RELATIVELY MODEST SHIFTS IN VOTER SENTIMENT. PP LOST ONE-THIRD OF ITS 1974 SUPPORT AND IP GAVE UP ALMOST ONE VOTE OF EVERY FOUR IT HAD WON FOUR YEARS AGO. GAINS BY LEFTIST PEOPLE'S ALLIANCE WERE SIGNIFICANT BUT NOT AS DRAMATIC AS THOSE OF SDP WHICH MORE THAN DOUBLED ITS SHARE OF VOTES AND ALMOST TRIPLED ITS ALTHING REPRESENTATION. BOTH PARTIES WERE OBVIOUSLY BENEFICIARIES OF GOI FAILURE TO CUT INFLATION, AS THEY HAD PROMISED TO DO FOUR YEARS AGO, AND OF WORKERS' DISSATISFACTION WITH GOVERNMENT'S SUBSTANTIAL CUTBACK EFFECTIVE MARCH 1 IN WAGE AGREEMENTS CONCLUDED LAST WINTER.

2. ECONOMIC ISSUES WERE BADLY HANDLED BY GOVERNMENT OVER PAST YEAR. INFLATION WHICH APPEARED TO BE COMING UNDER CONTROL UP TO AUTUMN OF 1977 REACHED NEAR-RECORD HIGH JUST PRIOR TO THE ELECTIONS. GOI PROCRASTINATED FOR MORE THAN A YEAR BEFORE FINALLY CONFIDENTIAL

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ATTEMPTING THIS SPRING TO PUT LID ON WAGES. IT COMPOUNDED ERROR OF TIMING BY EASING THESE ECONOMIC MEASURES ONLY FEW DAYS IN ADVANCE OF MUNICIPAL ELECTIONS LAST MONTH IN WHAT WAS SEEN TO BE BLATANTLY POLITICAL MOVE.

3. IT WAS NOT ONLY GOVERNMENT DOMESTIC ECONOMIC POLICIES THAT WERE TARGETS OF VOTERS' WRATH. IP AND PP VOTERS WERE UNHAPPY WITH LEADERSHIP OF THEIR RESPECTIVE PARTIES. PRIME MINISTER GEIR HALLGRIMSSON HAS LONG BEEN CRITICIZED WITHIN THE IP FOR FAILING TO GIVE IT STRONG DIRECTION. HIS DECISION NOT TO ADVANCE DATE OF ELECTION (A MOVE URGED BY LARGE SEGMENT OF IP) WAS NOT WELL RECEIVED AND HIS TENDENCY TO RESTRICT HIMSELF TO SMALL CIRCULE OF ADVISORS WIDENED RESENTMENT AGAINST HIM. SIGNS OF IP MEMBERSHIP DISCONTENT WITH HIM BECAME MANIFEST IN PARTY PRIMARY WHEN HE WAS DENIED FIRST PLACE ON PARTY LIST, A RATHER UNUSUAL MOVE. EVEN FOLLOWING IP LOSSES IN MUNICIPAL ELECTIONS (DURING WHICH TIME HE WAS AT NATO SUMMIT IN WASHINGTON), PM DID NOT APPEAR TO TAKE PARTY REINS EFFECTIVELY. RESULT

WAS THAT MANY IN IP, INSTEAD OF SITTING OUT ELECTION
AS SOME OF THEM DID IN MUNICIPAL CONTESTS, WENT TO
POLLS AND CAST BALLOTS FOR SDP AS SIGN OF PROTEST
AGAINST HALLGRIMSSON LEADERSHIP.

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4. PROGRESSIVES' PROBLEMS GO BEYOND LEADERSHIP TO
QUESTION OF JUST WHERE PARTY STANDS. FLIP-FLOPPING
FROM LEFT GOVERNMENT TO RIGHT-OF-CENTER ONE, PP WAS
SEEN TO BE WITHOUT PRINCIPLES OR ISSUES AT ALL. IN
FACT, PARTY CAMPAIGNED WITH SCARCELY A
REFERENCE TO ISSUES, REFLECTION OF FACT THAT ITS BASE
OF SUPPORT (FARMERS AND RURAL DWELLERS) HAS NARROWED
AS ECONOMY AND SOCIAL STRUCTURE OF ICELAND HAVE CHANGED.
DESPITE THIS EVOLUTION, PP HAS MADE LITTLE ATTEMPT
TO KEEP UP WITH URBAN CONCERNS OF MAJOIRITY OF ICELANDERS.
AS RESULT, SOUTHWEST PORTION OF COUNTRY
WHICH CONTAINS OVER HALF OF ICELAND'S
POPULATION AND ELECTS 23 OF 60 ALTHING REPRE-
SENTATIVES CHOSE ONLY ONE PROGRESSIVE THIS TIME
AROUND. PP HAS ALSO REMAINED UNDER CONTROL OF OLD-
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TIME LEADERS WHO HAVE NOT APPEARED TO BE IN TOUCH
WITH ASPIRATIONS OF YOUNGER ICELANDERS.

5. IN WINNING WELL OVER 20 PERCENT OF VOTE FOR FIRST
TIME PEOPLE'S ALLIANCE CONSOLIDATED AND BUILD UPON PREVIOUS
GAINS. ALTHOUGH OPPOSITION TO NATO BASE HAS BEEN GLUE
HOLDING PA TOGETHER DESPITE ITS INTERNAL DIVISIONS,
PARTY UNDOUBTEDLY ATTRACTED SIGNIFICANT LABOR SUPPORT
BECAUSE OF TRADE UNION RESENTMENT AGAINST
GOVERNMENT'S INITIAL CONCESSION OF LAST YEAR'S WAGE
AGREEMENTS AND FAILURE TO SOLVE INFLATION PROBLEM.
FINALLY, PA ALSO BENEFITTED FROM PERCEPTIBLE LEFTWARD
DRIFT OF MANY VOTERS FROM PROGRESSIVE PARTY WHICH HAS
SHOWN UP IN RECENT YEARS.

6. IN CONTRAST TO GOVERNMENT PARTIES WHOSE
CANDIDATE LISTS CONSISTED PRIMARILY OF OLDER, SOMEWHAT
TIRED MPS, SOCIAL DEMOCRATIC LISTS WERE YOUNG AND
DYNAMIC. NINE OF THE FOURTEEN SDP MPS WHO WILL
ENTER ALTHING THIS FALL ARE IN THEIR 20S OR 30S.
MOREOVER, HAVING BEEN OUT OF GOVERNMENT FOR LAST
SEVEN YEARS, PARTY WAS UNTAINTED BY CURRENT PROBLEMS
FACING ICELAND. IT COULD ACCURATELY BILL ITSELF AS
"NEW PARTY ON OLD FOUNDATIONS". SDP WAS ALSO ABLE
TO PRESENT MOST DETAILED PROGRAM FOR SOLVING ECONOMIC
PROBLEMS AND FOR REFORM IN OTHER AREAS (AGRICULTURE,
EDUCATION, HOUSING). WHETHER OR NOT SDP WOULD BE ABLE
TO IMPLEMENT THESE DID NOT SEEM PARTICULARLY RELEVANT
TO VOTERS WHO WANTED CHANGE AND BROUGHT IT ABOUT BY
BOOSTING SDP REPRESENTATION FROM FIVE IN 1974 TO 14 NOW.

7. MOVEMENT TO SDP DOES NOT, HOWEVER, MEAN ICELANDERS
ARE NOW SEIZED WITH REVOLUTIONARY FERVOR.
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SDP IS MODERATE PARTY THAT IP VOTERS AS WELL AS THOSE
NOT TOO FAR ON THE LEFT CAN FEEL COMFORTABLE WITH.
PARTY REDEDICATION TO RETENTION OF PRESENCE OF ICELAND
DEFENSE FORCE (IDF)(REYKJAVIK 0821 DTG 220958Z JUN 78)(NOTAL)
THOUGH MERELY RESTATEMENT OF
LONG-TIME PARTY POLICY, PROBABLY HELPED MANY INDEPEN-
DENTS VOTE FOR SDP WITHOUT FEELING GUILTY. IP
DECLARATION IN CLOSING DAYS OF CAMPAIGN THAT SDP WAS
AS UNTRUSTWORTHY AS OTHER PARTIES ON IDF QUESTION JUST
COULD NOT HOLD WATER ON BASIS OF PARTY'S RECORD.

INDEPENDENTS' ARGUMENT THAT THEY WERE ONLY ALTERNATIVE TO NEW GOVERNMENT OF THE LEFT HAD BEEN MADE TOO MANY TIMES IN THE PAST TO BE EFFECTIVE. AS RESULT, VOTERS WHO MIGHT HAVE STAYED WITH IP TO MAINTAIN CURRENT SECURITY AND DEFENSE POLICY FELT NO QUALMS ABOUT DESERTING THE PARTY AT LEAST TEMPORARILY.

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8. FROM POINT OF VIEW OF USG INTERESTS, ELECTION RESULTS WERE PROBABLY MORE POSITIVE THAN NEGATIVE, ALTHOUGH INDEPENDENCE PARTY, FIRMEST SUPPORTER OF CONTINUED NATO TIES AND IDF PRESENCE DID LOSE ONE-FIFTH OF ITS ALTHING MEMBERSHIP, AND ALL FIVE OF ITS DEFEATED MPS WERE UNQUESTIONABLY PRO-BASE. AMONG PP LOSSES MUST ALSO BE COUNTED ONE OF THE FEW STRONGLY PRO-ID MPS PARTY HAS HAD IN RECENT YEARS (JON SKAFTASON), AND CERTAINLY ALL THREE NEW MPS FROM PEOPLE'S ALLIANCE ARE STRONGLY ANTI-BASE. HOWEVER, MOST OF DEFEATED PROGRESSIVES WERE NOT FRIENDLY TOWARD IDF AND OF THE TWELVE SOCIAL DEMOCRATS WHO WILL BE SITTING IN ALTHING FOR FIRST TIME, NINE (AND POSSIBLY AS MANY AS ELEVEN) ARE SOLIDLY ON PRO-IDF RIGHT-WING

OF PARTY. ONLY ONE OF NEW SDP ALTHING MEMBERS HAS
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EXPRESSED VIEWS THAT WOULD BE CONSIDERED HOSTILE
TOWARD CONTINUED US PRESENCE AT KEFLAVIK. BIG QUESTION
NOW IS WHAT SDP WILL DO WITH ITS NEW-FOUND STRENGHT.
IT SHOULD NOT WANT FOR SUITORS.
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